



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1, 301, and 602

[REG-103281-11]

RIN 1545-BK06

Tax on Certain Foreign Procurement; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed rulemaking.

SUMMARY: This document contains corrections to a notice of proposed rulemaking (REG-103281-11) that was published in the **Federal Register** on Wednesday, April 22, 2015 (80 FR 22449), the proposed regulations are relating to the 2 percent tax on payments made by the U.S. government to foreign persons pursuant to certain contracts.

DATES: Written or electronic comments and request for a public hearing for the notice of proposed rulemaking at 80 FR 22449, April 22, 2015, are still being accepted and must be received by July 21, 2015.

FOR FURTHER INFORMATION CONTACT: Kate Hwa, at (202) 317-6934 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking that is the subject of this document is under section 5000C of the Internal Revenue Code.

Need for Correction

As published, the notice of proposed rulemaking (REG-103281-11) contains errors that are misleading and are in need of clarification.

Correction to Publication

Accordingly, notice of proposed rulemaking, that is the subject of FR Doc. 2015-09383, is corrected as follows:

1. On page 22452, in the preamble, second column, under the paragraph heading “A. Increase Amount Deducted and Withheld Under Chapter 3”, the eleventh line from the top of the paragraph, the language “annual or periodical income (FDAP).” is corrected to read “annual or periodical income.”.

§ 1.5000C-2 [Corrected]

2. On pages 22460 through 22461, paragraph (d)(7), the “Section 5000C Certificate” is corrected to read as follows:

Section 5000C Certificate	
Part I Identification of Foreign Contracting Party	
1 Name of foreign contracting party	2 Country of organization if applicable (do not abbreviate)
3 Permanent residence address (street, apt. no. or rural route). Do not use P.O. Box or in-care-of address	
City or town, state or province (include postal code, if applicable)	Country (do not abbreviate)
4 Mailing address (if different from above)	
City or town, state or province (include postal code, if applicable)	Country (do not abbreviate)
5 U.S. TIN, if any	6 Contract/reference number (if known)
7 Name and address of the acquiring agency	
City or town, state or province (including the postal code, if applicable)	Country (do not abbreviate)
Part II Exemption Based on an International Agreement (If Applicable)	
8 <input type="checkbox"/> Check this box if claiming relief from the tax under section 5000C pursuant to an international agreement with the United States (such as a qualified income tax treaty), and complete Part IV.	
Part III Exemption Based on an International Procurement Agreement or because Goods/Services Produced/Performed in the U.S.	
9 <input type="checkbox"/> Check this box if identifying specific exempt and nonexempt amounts (for example, by CLIN) and skip Lines 10 through 14 and complete Part IV, Line 15.	10 Total Contract Price or Estimated Total Contract Price
11 Nonexempt Amount or Estimated Nonexempt Amount	12 Contract Ratio (Line 11 over Line 10)

Part IV	Explanation (Complete if Part II or Part III Is Applicable)
<p>13 If you checked the box in Part II, state the name of the agreement and specific provision relied upon (for example, the nondiscrimination article of a qualified income tax treaty); and the basis on which you are entitled to the benefits of that provision (for example, because you are a corporation organized in a foreign country with which the United States has a qualified income tax treaty that covers all nationals). (Use additional sheets as necessary.)</p>	
<p>14 If you completed Part III, but did not check the box on Line 9, state the relevant countries where the goods are manufactured or produced or services provided and the international procurement agreements relied upon, if relevant. If applicable, explain the method relied upon to allocate the total contract price between exempt and nonexempt amounts. (Use additional sheets as necessary.)</p>	
<p>15 If you checked the box on Line 9, provide an explanation for each item by stating the relevant countries where the goods are manufactured or produced or services provided and the international procurement agreements relied upon, if relevant. If applicable, explain the method relied upon to allocate the total contract price between exempt and nonexempt amounts. For example, you may attach a spreadsheet listing the various contract line items with an explanation for the treatment of each line item as exempt or nonexempt. If the contract includes details necessary to complete this section (such as exempt or nonexempt amounts by contract line item), you may incorporate by reference the relevant information in the explanation. (Use additional sheets as necessary.)</p>	
Part V	Certificate
<p>Under penalties of perjury, I declare that I have examined the information on this certificate (and in the contract, if relevant) and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:</p> <p>1 I am the foreign person (or am authorized to sign on behalf of the foreign person) identified in Line 1 above,</p> <p>2 I am not acting as an agent or nominee for another foreign person,</p> <p>3 I agree to pay an amount equal to any tax due under section 5000C that the acquiring agency does not withhold under section 5000C and pay any applicable penalties and interest,</p> <p>4 I acknowledge and understand the rules in §1.5000C-4 relating to procedural obligations under section 5000C, and</p> <p>5 I have not engaged in any transaction (or series of transactions) with a principal purpose of avoiding the tax imposed under section 5000C as defined in §1.5000C-5.</p>	
Sign Here ►	<p>----- / / -----</p> <p>Signature of Foreign Person (or Authorized Representative) Date Capacity to Act</p>

§ 1.5000C-3 [Corrected]

3. On page 22462, second column, the seventeenth and eighteenth lines of paragraph (b)(2), the language “publications prescribed by the Internal Revenue Service (IRS), acquiring” is corrected to read “publications prescribed by the IRS, acquiring”.

4. On page 22462, third column, the fourteenth line from the bottom of paragraph (c)(1), the language “a copy of Form 1042, Form 1042-S, the” is corrected to read “a copy of Form 1042, Forms 1042-S, the”.

5. On page 22462, third column, the seventh line from the bottom of paragraph (c)(1), the language “to file Form 1042 must retain any” is corrected to read “to file Form 1042 must retain all”.

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